



STATE OF WASHINGTON

ECONOMIC AND REVENUE THE FORECAST COUNCIL

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OLYMPIA, November 17, 2005 --- The November revenue forecast update reflects the assumption of slightly stronger Washington employment and income growth. More importantly, revenue collections continue to come in much stronger than these fundamental factors would normally indicate. Much of the strength in revenue collections can be traced to very strong real estate and construction related activity. As a result, the revenue forecast has been increased \$304.9 million.

The November 2005 General Fund-State revenue estimate for the 2005-07 biennium is \$26,335.7 million which is an increase of \$304.9 million over the September forecast. Nearly one-third of the forecast increase is due solely to soaring real estate excise tax collections. Much of the remainder of the forecast revision is also due to real estate and construction related activity. Collection experience during the last three months accounts for \$97.1 million of the change in November.

As required by law, optimistic and pessimistic alternative forecasts were developed for the 2005-07 biennium. The forecast based on more optimistic economic assumptions netted \$845 million (3.2 percent) more revenue than did the baseline while the pessimistic alternative was \$755 million (2.9 percent) lower. An alternative forecast based on the average view of the Governor's Council of Economic Advisors yielded \$91 million (0.3 percent) less than did the baseline forecast.

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